EXECUTIVE SUMMARY

This report has been prepared as part of a contract awarded by the U.S. Department of Labor (DOL) to conduct an Evaluation of the Implementation of the Workforce Investment Act (WIA) of 1998. This summary reflects the findings reported in the Interim Report for the evaluation; as such, it describes the early WIA transition experience based on site visits to a sample of states and local areas that elected to be "early implementers" under WIA, as well as on results from the first phase of a tracking system that recorded national implementation progress.

BACKGROUND

The WIA legislation constitutes an important overhaul of the nation's structure for delivering employment and training services that in many ways represents a fundamental departure from past practices. Among its overarching tenets, WIA allows for substantial state and local flexibility, so that emerging systems can best meet the needs of their communities. Within this framework, the legislation calls on states and local areas to establish streamlined service delivery systems that will integrate resources available from a multitude of separately funded programs. WIA also emphasizes universal access to employment and training services among adults, so that anyone who wants assistance relating to job search or career planning should be able to receive it. Empowering individuals to take control over their own career planning represents another key tenet that underlies the WIA approach to services. According to this new vision, customers are given responsibility for establishing their own career goals and have new options with respect to the services they access, the training they want to undertake, and the vendors available to provide training to them. Youth programs also receive special emphasis. Along these lines, the legislation folds together summer youth and year-around programming, places a clear emphasis on comprehensive service strategies, and requires input on youth programming from local experts.

DOL promoted these objectives by formulating new regulations that were developed in consultation with states and local areas. These regulations were designed to be much more flexible and empowering than the regulations they replace and, in keeping with WIA, call for the establishment of new administrative and service delivery structures. For example, in keeping with WIA, state and local workforce investment boards are to be established, and each has an important role to play in shaping policy to

meet the states' and communities' needs. A new system of accountability will be put in place that emphasizes customer satisfaction for both employers and job seekers, and that stresses the importance of continuous improvement to build a "world-class" service system. A service delivery structure built on One-Stop career centers is also mandated, so that customers can access a broad range of services to meet diverse needs at a single location. In addition, a tiered approach to adult services will be implemented, whereby services will begin with less intensive services, such as labor market information and help in finding employment, and will increase in scope and intensity as the need for additional services is documented.

DESIGN OF THE EVALUATION

As the above discussion suggests, WIA calls for both the establishment of new governance and administrative structures and the development of new service delivery systems and policies. The three-year evaluation was funded by DOL in June 1999 to examine how states and local areas made the transition to functioning and then mature WIA systems.

In investigating this implementation experience, we are conducting two major data collection activities: 1) site visits to a selected sample of states and local areas, and 2) in conjunction with DOL, a periodic tracking of implementation progress across all states.

Data Collection as Part of the Case Studies

To understand the implementation experience, we will be conducting detailed site visits over the course of the evaluation to approximately sixteen states, and selected local workforce investment areas within these states. These site visits will be conducted over a three-year period, with some—the ones already completed—occurring in PY 99, and others scheduled for later in PY 2000 and PY 2001. This approach provides a view of the implementation experience as some systems were just being put into place and after others had benefited from one or more additional years of development. Moreover, some states and local areas will be visited once over the three years of the evaluation, while others will be visited twice. Using project resources in this way strikes a balance between ensuring that we visit a representative number of states, while also giving us the opportunity, through return site visits, to observe how the same workforce systems develop and mature over time.

The Interim Report, on which this summary is based, draws on observations from the first round of site visits, which occurred between December 1999 and the summer of 2000. These visits were conducted to the states of Florida, Kentucky, Pennsylvania, Texas, Utah, and Vermont. At the time they were selected, in early fall of 1999, these six states were identified by DOL to be early implementers under WIA, which means that they would have had their WIA plans approved, negotiated levels of performance for the WIA core indicators, and, in general, made the transition to WIA prior to the start of PY 2000. Our data collection plan called for us to conduct discussions at the state level and to visit one local area from three of these six states and two local areas within each of the remaining three states. In this way, we could look at both intra-state and inter-state variability in the implementation experience and from the standpoint of both state-level and local-level administrators and staff. By conducting site visits to these early implementers during PY 99, we were able to identify emerging implementation progress and problems among those who were expected to be at the forefront of the nation's transition effort.

Data Collection as Part of the Systemwide Tracking

As part of this evaluation, we have also assisted DOL in tracking all states' implementation progress. To inform the tracking system, DOL's regional office representatives have periodically updated implementation profiles for each of the 54 states and territories, using a 90-item Workforce System Information and Evaluation (WSIE) data collection form. This form, which was developed by a workgroup of DOL national and regional office staff with input from the evaluation team, allows regional representatives to record each state's progress in achieving key benchmarks associated with WIA implementation, such as forming a State Board, designating local workforce investment areas, establishing comprehensive One-Stop Centers, and so on. Approximately every six weeks between March 2000 and late October 2000 the evaluation team accessed the database in which the responses were entered, to generate periodic "quick turnaround" reports of implementation progress nationwide.

RESULTS FROM THE SYSTEMWIDE TRACKING

All states were to be operating under WIA requirements and funding by July 1, 2000, although they have until June 30, 2001 to fully implement the reforms contained in the Act. The WSIE tracking system was devised to follow the progress towards WIA implementation across the 54 states and territories as the July 1st deadline approached and passed.

One area covered by the WSIE relates to the WIA plan development and approval process. Results show that almost all states involved a wide number of partners in developing the plan, including representatives from the Employment Service, Veterans programs, Vocational Rehabilitation, Unemployment Insurance, Adult Education and Literacy, Welfare-to-Work, Perkins, Trade Adjustment Assistance, and others. States also had the option of submitting a unified plan for up to 16 federal education and training programs, so as to facilitate joint planning and coordination. According to the WSIE, 22 of the 54 states and territories submitted a unified plan. Most often involved in these plans, in addition to the WIA Title I and Wagner-Peyser programs, were Veterans programs, Trade Act programs, Vocational Rehabilitation, and Unemployment Insurance programs.

An important task for states as they move towards WIA implementation is establishing a state workforce investment board. One-half of the 54 states and territories have chosen to grandfather an existing State Board, while a new board was established in the remaining cases. Just over one-half of the states have established a state Youth Council, even though they are not required to do so. Meanwhile, just under one half of the states and territories have reconfigured at least some of the boundaries of their local areas compared to the boundaries of their service delivery areas under JTPA. Overall, the reconfiguration has led to a modest reduction in the number of local areas, as approximately 620 areas were identified under JTPA, while 598 will be established under WIA for the 54 states and territories covered by the WSIE.

Just as their state counterparts, these local areas need to establish governance and administrative structures relating to WIA, including establishing Local Boards. Nationwide approximately two-thirds of the boards were newly established, while the remaining one-third have been grandfathered; thus, new boards were more likely to have been established at the local, as opposed to the state, level. Consistent with the intent of the Act, in most local areas, a clear separation is made between policy and operations. Thus, only 3% of the Local Boards nationwide have been granted a waiver to provide training services, only 14% have been approved to provide core and intensive services, and just 18% have been approved to serve as a One-Stop operator.

The development of the consumer report system is a cornerstone of efforts to promote informed customer choice for training services. Based on the WSIE, it appears that nearly all states have an approved list of eligible training providers.

However, in many cases these lists are thus far lacking key components of a well-developed consumer report system. For example, only about 33 of the states and territories have an electronic consumer report system that contains information on providers' performance, though slightly more provide information on providers' costs, programs of study, and locations.

When asked to describe the challenges that the states in their regions were facing, DOL regional staff noted that states were expressing widespread concern about the difficulties in amassing performance information for training providers. Some were concerned that the information that vendors would provide would not be reliable; others are concerned about confidentiality issues that will arise if matching with Unemployment Insurance (UI) wage files is used to calculate providers' performance; others are worried that too few providers will apply for eligibility, effectively limiting customer choice; still others worry about the implications of having different local areas set different performance benchmarks for vendors' eligibility.

For smooth functioning under WIA, states also need to establish performance accountability systems that, in keeping with WIA, draw on Unemployment Insurance wage records for purposes of calculating performance. However, 15 of the states and territories anticipate problems in accessing UI data for purposes of carrying out these calculations.

The above sections allude to the wide variety of issues that states must attend to as they move to become compliant with the terms of the WIA legislation and the associated regulations. As a way of helping DOL gauge progress towards implementation, a readiness index calculated from the WSIE was developed to reflect the percentage of a selected number of required elements that each state has in place. By calculating this index repeatedly, from successive waves of the WSIE, we can observe how the transition to WIA unfolded over time. The index shows that, as of March 2, 2000 (when WSIE data first became available), a few states had readiness scores near zero, and an appreciable number had scores of 50% or less. Readiness has risen steadily over the months, however, so that, by the end of October 2000, 45 states and territories had a composite index of 75% or higher and only a handful have a composite index of less than 60%. Clearly, substantial progress has been made over a relatively short period of time, an achievement for which states and local areas deserve much credit.

RESULTS FROM THE ANALYSIS OF THE CASE STUDIES

Based on the site visits to six states and 9 local areas within these states, we are able to reflect on the context within which WIA has been implemented and on progress that has been made to date in forming governance and administrative structures, developing service strategies, and developing administrative support systems for WIA. Because the National School-to-Work Office was especially interested in learning how school-to-work (STW) systems were linking with emerging WIA systems, we also focused on this issue as part of our case studies.

The Context for WIA Implementation

Although WIA represents a substantial change in federal laws governing workforce development, the legislation had been long anticipated in most of the case-study sites we visited. Moreover, these states had come to their own conclusion well before WIA was enacted that their existing workforce systems were, in their words, inefficient, duplicative, and confusing to the customer. For these reasons, WIA's major precepts had to some degree already been incorporated into state legislation or local practice prior to the passage of the federal legislation, which made the transition to WIA much easier in the case-study sites than it would otherwise have been.

Reflecting on this pre-WIA history, three factors emerged as important. First, in almost all of our case-study sites, strong pre-existing state and local partnerships were in place, sometimes spurred by formal agency consolidation. For example, some states had undertaken a major consolidation of their state agencies responsible for workforce development and education programs prior to the enactment of WIA. But even where formal consolidation at the state level had not occurred to any appreciable degree, agency administrators had increasingly come together for the purposes of developing coordinated policies and providing seamless services to customers. Almost always, this new spirit of cooperation was repeated at the local level. Thus, where state-level administrators had established a pattern of cross-program coordination, either by legislative fiat or simply as a byproduct of good practice, their example was followed by their colleagues at the local level—in fact, very often collaboration was taken a step or two further at the local level, because the advantages of doing so were very apparent.

Second, state-level, and, in some cases, regional human resources investment councils (HRICs) were often already in place. At the state level, HRICs have been seen as a vehicle for coordinating state workforce policy since they were authorized by

the 1992 amendments to JTPA. Accompanying the trend towards agency consolidation and partnership that we described above, or perhaps as a consequence of it, HRICs were in operation well before WIA was enacted in all of our case-study states but one. Nearly as common across our case-study sites were broad regional or local workforce development policy boards. Having these boards in place prior to WIA clearly facilitated the transition to WIA, as is amply demonstrated by the greater struggles that local areas without such boards encountered in establishing strong governance in time to impact policy decisions required for WIA implementation.

A third key feature that greatly facilitated WIA implementation in most of the case-study sites was that One-Stop systems were generally already in place, and typically had been for some time. In some instances, these systems had their genesis in a state's early workforce development reform efforts; uniformly, they were strongly supported by One-Stop implementation grants issued by the U.S. Department of Labor between 1994 and 1999.

Notwithstanding the groundwork that had been laid in the years before WIA was enacted, the WIA transition still required a lot of hard work and tremendous effort. Making the task even more daunting was the compressed timeframe within which structures and policies needed to be established in order for early implementation to occur. Additionally, WIA structures and policies were being crafted in the case-study sites even while DOL was still issuing guidance and clarifications. A number of other challenges and barriers were also mentioned by our respondents, including working out cost-sharing and leasing arrangements and putting new information systems in place.

Organization and Governance

To oversee the new workforce investment system at both the state and local level, Congress required states and local workforce investment areas to establish workforce investment boards. As envisioned by the Act and the regulations, these boards would be the catalysts to bring together, in one deliberative body, representatives of all the major stakeholders in workforce development to provide strategic planning and oversight for the workforce investment system. All of the six states participating in this study had functional workforce investment boards in place at the time of the site visits (which generally took place in the first half of calendar year 2000). Four of the states chose to grandfather their existing State Boards, because they had invested considerable effort in reorganizing the governance structure of their workforce development system

prior to the passage of WIA, and saw minimal benefit to be gained from changing these structures again.

All local areas that we visited also had functioning Local Boards in place at the time the visit occurred (or equivalent regional planning bodies in the case of the two case-study states that consisted of single workforce investment areas). In over half of the local case-study sites, these Local Boards were established prior to the enactment of WIA, and, through state initiatives, had included since their inception diverse partner representation and broad policy oversight over workforce development programs. In the remaining areas, new boards with composition and purpose consistent with WIA needed to be established. Clearly, the areas with planning bodies previously in place that were like workforce investment boards in form and function were much better positioned to develop policies and procedures consistent with WIA in a timely way.

In a similar pattern, local areas that had strong youth planning bodies in place prior to the enactment of WIA were much quicker to develop strong Youth Councils consistent with WIA. These prior bodies, where they occurred, often consisted of School-to-Work partnerships. In fact, in several local areas, the entity designated as the School-to-Work partnership was either given the responsibility and title of the Youth Council or was integrated into the Youth Council. This strategy seemed to make sense because, where STW partnerships were strong, they brought strong linkages between the school system and employers.

Governors and other elected officials at both the state and local levels are additional key players in the governance envisioned by WIA. At the state level, elected officials were, in many of the case-study states, key agents of change and had begun initiating workforce reforms even prior to the enactment of WIA. By contrast, local elected officials were less likely to be strongly involved in workforce planning, either before or after WIA, although one of our nine local case-study sites stands out as a strong exception.

All workforce development policy boards, whether at the state or local level, have staff to assist them in carrying out their work. In two states, the staff to the State Board are persons from the lead implementation agency. In two other states, the State Board staff are employed by the State Board organization, which is separate from any particular government department or entity. In the other two states, the staff devoted to the State Boards are employees of other state agencies.

At the local level, several of the case-study sites have a clear demarcation between staff assigned to the Local Board and the program operations staff. They have accomplished this separation by either deliberately placing board staff in a separate government agency or organization, or awarding contracts for service delivery (including operation of the One-Stop system) to an outside organization. Achieving clear separation is the explicit intent of the law, and the majority of areas visited have met this requirement. However, in several areas, the same agency that staffs the Local Board had also taken on a program delivery role in some or all of the One-Stop centers by being a member of the operator consortium.

Also as part of WIA administration and governance, local areas must establish partnerships among 18 identified programs conducting workforce development activities. At the time of the site visits, all of the local areas participating in the case study had made progress towards this requirement by developing formal memoranda of understanding between these programs and the local policy boards. Two of the local areas had completed the second step of negotiating the specifics of staff co-location and resource sharing among partners. In the majority of the areas, though, the details of cost sharing had not been finalized. Moreover, local officials expressed a concern that partner programs would be reluctant to agree to provide cash payments to the Local Board or One-Stop operator to support the delivery of core services. Apparently, many partners prefer to offer in-kind contributions by donating staff time or equipment whose approximate dollar value can then be applied to the partner's overall commitment. Additionally, in many of the local areas we visited, staff at the One-Stop centers expressed some fundamental concerns regarding perceived barriers that would impede the realization of true partnerships, including the reluctance or difficulty of some partner programs to fully integrate and participate in the One-Stop system because of the rules of their individual programs or due to confidentiality requirements.

Finally with respect to governance and administration, local areas must designate a One-Stop operator. About one-half of the local sites we studied selected a consortium of partners through a non-competitive process to operate their centers; the remaining half used a competitive selection process. This decision had noteworthy implications for how lines of authority were drawn among staff from partner programs who worked at the centers.

Design and Delivery of Services

In preparing to provide customer services under the Workforce Investment Act, states and local areas have had to develop detailed service plans and policies and resolve a myriad of operational questions about how the delivery of One-Stop services under WIA will work in practice. The Act allows states substantial discretion to design services that will address the particular economic contexts, organizational structures, and customer needs within each state. Many of the states included in this study, in turn, have given substantial discretion to local workforce investment boards to determine what One-Stop services should look like and how One-Stop operators, partner agencies, and contracted service providers should work together to deliver high quality customer services.

Services for Adults and Dislocated Workers. In responding to the federal guidelines for core services for adult and dislocated workers, states and local areas have been working hard to develop approaches that offer a balance between customer self-service and staff support. They have also been grappling with how to offer similar service content through a variety of modes (e.g., automated self-service tutorial, group workshop, individual counseling session) to meet the needs and preferences of different customers. With respect to staff support, all centers include staffed greeting, orientation, and information services. As a result of the initial greeting and orientation activities, many visitors decide to use resource rooms to access a wide range of core information services. Most local service delivery systems that we studied have invested substantial time, resources, and staff in developing these resources, often with states acting as major partners in developing the software and providing the hardware. Nonetheless, some level of staff assistance for customers using the resource room is often involved. Staff assistance is even more apparent in those core services that involve light-touch counseling, group workshops, and assistance in determining customers' eligibility for more intensive and/or specialized services. In seven of the nine sites, Wagner-Peyser staff are dominant in providing staffed core services. Similarly, although cost allocation plans were still under development, Wagner-Peyser funds were often the sole or primary source for funding core services in about half of the local sites. Regardless of staffing or funding arrangements, all centers are eager to track the utilization of core services for their own informational purposes, but most states are reluctant to have those receiving staffed core services become officially registered as WIA participants (who would thereby become subject to formal performance measurement).

In keeping with WIA, adults and dislocated workers who cannot have their employment objectives met through core services are eligible to receive intensive services, though priority must be given to low income individuals. These guidelines have been operationalized in several different ways. For example, several case-study sites require customers to complete a specific core service or services before they qualify for entry into intensive services (e.g., attend an orientation session, conduct job search lasting at least six weeks), and some require that a certain proportion of all individuals receiving intensive or training services must belong to a particular priority group. Intensive services are provided either by the designated One-Stop career center operators or other contracted service providers (in about half of the local sites), or are provided through the coordination of staff from a variety of different agencies identified as One-Stop system partners (in the remaining half). In any case, recognizing that customers may require intensive services at a variety of different points in their individual careers, the case-study sites were developing a relatively broad menu of intensive services and a fairly flexible notion of how these services should be sequenced.

The third level of services for adults and dislocated workers, according to the WIA legislation, is training, including primarily occupational skills training, which is primarily to be supported through individual training accounts (ITAs). States have responsibilities in supporting local areas in training by establishing the eligible training provider list. They additionally can establish policies regarding customers' access to training and set limits on the types of training that will be supported, but most of the states we visited have devolved much of this responsibility to local areas. These policies become important because some sites were concerned that, after supporting core and intensive services, they might have limited amounts left to support training. Thus, local sites usually carefully regulate the process by which customers flow between intensive and training services. Several sites have developed written training services approval guides for this purpose, which One-Stop staff must complete to document that the required procedures have been followed by each customer seeking training support. These identify the core and intensive services that must have been completed before training can be approved, detail which occupations are considered to be in demand, and, in some cases, establish minimum basic educational skills that clients must possess before proceeding. Sites have also set maximum levels—of both costs and duration—for funded training. These generally will allow training for up to one or two years at a cost that ranges across sites from $5,000 to $10,000 per person.

Another training policy that states and local sites needed to establish related to the performance levels they set for approving training providers for inclusion on the eligible training provider (ETP) list. None of the visited sites set stringent requirements for the providers' first year of eligibility, but there is likely to be substantial variation in how stringent requirements are likely to be for subsequent eligibility. For the most part, though, criteria for subsequent eligibility were still under development. Similarly, the details of consumer report systems are in many cases still being established, and decisions have in many states still to be made as to how providers' performance data will be calculated. The concern in making these decisions relates to how the training marketplace will be impacted, including whether providers will decide against applying for eligibility because procedures are perceived to be too burdensome or not worth the expected payoff in terms of WIA-funded trainees.

Employer Services. In contrast to their significant progress in developing One-Stop services for job seekers and employed workers as described above, most of the case-study sites appear to be in the relatively early stages of developing customer-driven services to meet the needs of the business community. Although states and local areas do not always use this terminology, the concepts of automated self-service, core assisted, and intensive/training services appear to be useful in clustering the emerging approaches to employer services. With respect to the first of these, most of the case-study states have been active in developing automated information and labor exchange services that they are marketing to employers as effective tools to help them meet their hiring needs, including the ability to post new job openings, review a pool of job seeker resumes, initiate an individualized job match that links the skills of a pool of job applicants to the employer's specific job requirements, and engage in labor market research. Several local case-study sites are also trying to attract employers to come into their physical One-Stop centers by creating separate employer resource rooms and offering space within the center for employers to interview job applicants, but these facilities were not yet being widely used by employers. Taking staff support for employers one step further, the majority of the case-study sites have begun to develop assisted core services by designating staff to conduct outreach to employers and provide individualized employee recruitment and screening services, and information and counseling on a wide range of issues relevant to business operations. Finally, some of the local sites we visited have also begun developing a menu of more intensive or more specialized services that they offer to employers, including specialized employee recruitment, business consultation services, or customized training. Still, a substantial

obstacle to the greater use of One-Stop systems by employers appears to be that only a small proportion of potential employer customers are currently aware of and using center services.

Youth Services. The local workforce investment areas we visited for this study were still in the early stages of designing youth services at the time of our site visits. For example, local Youth Councils were still in the process of being formed or had only just started to meet, and plans and frameworks for youth services under WIA were just starting to be developed. The challenge was particularly daunting in that in many instances local areas are having to abandon their previous summer youth programs and reinvent their youth service designs to meet the requirements for comprehensive year-round services contained in WIA. Perhaps because of this challenge, almost without exception both states and local areas are trying to draw on a wide range of program resources and youth service partners, including local school districts, School-to-Work implementation grant partners and funds, youth-serving organizations in the community, local Youth Opportunity partners and grants, Job Corps programs, welfare-to-work programs and resources, local Carl Perkins programs, and foundation funds. Similarly, local Youth Councils and workforce investment boards are selecting a wide variety of organizations to provide WIA-funded youth services. Depending on the site, these youth services may or may not be closely linked with the One-Stop delivery system for adults, despite the fact that the youth program is a required One-Stop partner.

Progress Realizing the One-Stop Service Principles. Without exception, the sites we visited are reforming their workforce development services and delivery arrangements to increase the coherence of services from the customer perspective and to simplify customer access to services. Some are doing so by developing a highly integrated service delivery system following clear state guidelines for consolidating the staffing and operations of different workforce development programs. Others are promoting flexible coordination among One-Stop partners through operational plans developed and adapted at the local level. Regardless, all of the case-study sites were reorienting workforce development services around customers' needs and interests, rather than making customers fit into preordained program descriptions and service sequences, and they were aggressive in their efforts to promote universal access by developing self-access tools and allowing for remote access.

Administrative Support Structures

In addition to their responsibilities in providing overall policy direction and guidance, states need to support the emerging workforce systems in a number of ways. First, they are responsible for developing performance accountability systems consistent with WIA. Along these lines, some states—and local areas as well—have been measuring customer satisfaction for quite some time. Moreover, they are taking to heart efforts to promote continuous improvement, either by adopting Baldrige criteria or through other means. As part of these accountability systems, states also needed to negotiate performance levels on the WIA core measures with both the federal government, and, in turn, with their local areas. These negotiations went either very well or very poorly, depending on which state we visited. Some found DOL regional staff very helpful in working with states to develop reasonable yet challenging performance targets, while others felt that DOL was inflexible. Similarly, some local areas felt that states left little room for negotiation, even where states were intending to recognize a need for local input and control. To a large extent, it seems, states and Local Boards have muddled through the first negotiation process, unsure of just how to proceed.

MIS development represents another area in which states are expected to play a strong role, and here again the picture is decidedly mixed. On the one hand, states are making major changes to their management information systems that are consistent with the vision embodied in the new legislation. Thus, some are recreating MIS to primarily facilitate the delivery of services (e.g., by incorporating greater case management capabilities), and some are focusing on bringing together parallel and disparate program-specific systems into a more comprehensive one, making a priority of integrating programs on this functional level. However, these systems are at uneven stages of development, as some states are encountering persistent glitches that have yet to be fully worked out.

Capacity building is another area in which states, in conjunction with local areas, are supporting emerging systems. Here efforts are appearing to bear fruit more uniformly. For example, many of the case-study sites are providing materials, technical assistance guides, and training to address issues—such as cross-agency training—that arise when multiple agencies attempt to provide streamlined customer services. Other training efforts prepare staff to provide high quality customer service and support continuous improvement efforts. Still others train staff in how to use new management information systems, labor market information, or other important

information resources. Still, the needs for training and other support for staff are great, and states and local areas must recognize that capacity building needs to be an ongoing effort.

Linkages with STW Systems

Across the six states and nine local areas we visited, there is broad variation in the extent to which STW officials are involved in WIA planning efforts and in service coordination. At the planning level, each site demonstrates at least some overlap in membership between STW and WIA governing bodies. For example, in almost every local site at least one STW official or partnership member serves on the Local Board, the Youth Council, or both. Beyond this, in several sites, STW had made extremely useful contributions to the WIA planning process by providing knowledge of youth service delivery as well as access to already established partnerships among agencies and community organizations that serve youth. In these sites, it was common for there to be substantial overlap between STW officials and WIA planners. Indeed, in some cases the STW partnership and WIA Youth Council were in fact or effectively the same body.

While there is substantial overlap in membership between STW and WIA, there is somewhat less coordination or overlap in service provision. Where it was in evidence, service coordination took one of two major forms. First, in two of the nine local sites the STW partnership was awarded the contract and funded to actually provide youth services under WIA. In these instances, STW and WIA can obviously be mutually reinforcing at the level of youth services. Second, in at least one additional site, the STW partnership and WIA agencies cross-refer individuals between the two programs, with each program picking up an individual at the appropriate point in his/her service history. In this instance, case management stretches across programmatic boundaries, and enables individuals to have access to services under either or both programs, depending on their needs. In a variant of this model, one site's One-Stop centers plan to install computers in the schools to enable youth to have electronic access to the local workforce system's self-service resources.

Overall, we found that planning and service coordination between STW and WIA were typically greatest in rural areas that had a history of poor educational performance and a strong commitment to improve student performance. In these cases, STW systems were viewed as very helpful as Local Boards or Youth Councils struggled to implement comprehensive youth services. The resources intrinsic to these STW

systems— including the strong involvement of schools, linkages with employers, experience in providing year-round youth services and arranging internships, among others—were useful to WIA youth programming perhaps because so much of the resources for youth programming under JTPA had been focused narrowly on the Summer Youth program.

More generally, STW and WIA are seen as strong and viable partners in those of our local sites where the STW program in the area was well established, effective, and well-known by the business community, and more generally, well in advance of the enactment of WIA. Perhaps because WIA officials could see or were aware of the strength of the STW program in these instances, they could readily understand the potential value of the program to their own efforts. Workforce development officials in these sites tended to view STW as a strong program that had made a tangible difference in preparing youth not only for careers but also for greater success in the classroom.

CONCLUSIONS

One of the difficulties in tracking the rapid progress that states and local areas have made toward WIA implementation is that information about the current status of any particular site becomes outdated soon after it is collected and usually long before it is disseminated. For this reason, we offer the experiences and findings documented in this evaluation as illustrative examples of the accomplishments of the early implementation sites and some of the implementation challenges that they faced and that other sites are likely encountering.

Among their key accomplishments, the states and local areas we visited were successful in establishing the governance structures and decision-making procedures required by WIA, including the grandfathering in or establishment of new State and Local Boards and the designation of One-Stop operators. They also were forging strong relationships among required partners, through collocation and by developing MOUs at both the state and local levels and otherwise coordinating service delivery (although few of the local areas that we studied had completed the second step of negotiating the specifics of staff co-location and resource sharing among partners). Similarly, they had One-Stop delivery systems in place and had made great strides in providing an array of core services to job seekers. In these ways and others, the case-study states and local areas were moving rapidly toward full implementation of workforce development systems that conformed to WIA requirements. Especially promising was that: (1) systems were emerging that clearly reflected the priorities of

elected officials and policy boards within the specific geographic entity and thus take on a distinctly "local flavor" while still meeting the requirements of the federal WIA legislation; and (2) One-Stop systems are developing that identify and build on the particular strengths of each partner program and agency and use the resources of partners to enrich the core and intensive services available to One-Stop customers. With respect to the second of these, there appear to be as many different ways of combining the resources of One-Stop partners as there are local One-Stop systems. Most of the case study sites are drawing heavily on the resources of the Wagner-Peyser system to fund and provide core services. However, it would be a great oversimplification to say that core services under WIA are just "warmed over" ES services. In most sites, both core and intensive services have been redesigned to draw on the expertise and service offerings of multiple partners, including partners representing vocational rehabilitation, welfare-to-work, adult education, WIA funding streams, and others. In these ways, WIA systems are emerging in ways that are wholly consistent with WIA's principles of universality, service integration, and local flexibility and control. They reflect as well the extraordinary efforts that early implementation states have made to conform their systems to WIA requirements.

At the same time, the road to full implementation consistent with the principles of WIA is an arduous one and substantial challenges remain. Many of the case-study sites had the advantage of being able to build on gradual progress made over an extended period—in some cases as long as a decade—spent in consolidating workforce development agencies, developing broad policy boards, and building integrated service delivery systems. Even with this headstart, most of the case study sites were still putting in place major portions of their WIA systems and refining other aspects of their service designs and delivery arrangements.

As part of the work that remains, the case-study sites will need to expand and enrich the menu of available core and intensive services for adults and dislocated workers. The case-study sites appeared to be energetic in developing self-service tools for the delivery of core services, but they appeared to be somewhat cautious about developing group workshops and individual counseling sessions to provide staff support to help customers set career and employment goals and develop individualized training and service plans. It would thus appear that many sites need to think more about how to provide "light touch" staff support to users of core services.

Another service design challenge posed by WIA is how to design and deliver intensive services that are broad enough to meet the needs of varied clients. The wide range of circumstances and potential needs of One-Stop system customers creates a need for the staff providing intensive services to have extensive knowledge of labor markets, occupations, and vocational counseling skills, as well as the ability to access a rich array of community services for customers through referral linkages. The local One-Stop systems we visited had not yet given much thought to identifying how multiple funding streams could be woven together to support the delivery of a broad menu of intensive services to One-Stop customers.

Another remaining challenge that our case-study sites will face is in clarifying the relationship among One-Stop partners. As we described above, the sites we visited were often still working out the details of how local One-Stop partner agencies and One-Stop operators would work together to provide core and intensive services to One-Stop customers. In some sites, service planning teams with representation from multiple partner agencies had worked together to develop an integrated menu of core and intensive services, and had decided how each agency would contribute to the cost and the staffing of customer services. More often, there was an integrated plan for the delivery of core services, but delivery of intensive services remained the separate responsibility of each of the participating partners, each of whom maintained its own distinct menu of intensive and training services. More specifically, among the details that needed more attention in the process of building a seamless service delivery system in most sites were questions about (i) how to design a unified process to ensure that all One-Stop customers will be able to access all core and intensive services for which they are eligible; (ii) how staff from different programs and agencies will be cross-trained to understand the variety of services available within the Center and how to help customers access all available services; (iii) how the costs of providing services to One-Stop customers will be divided among the participating partners; (iv) how information will be collected and shared about individuals who are served by more than one funding stream; and (v) how enrollment, case management, and reporting responsibilities will be shared among programs and agencies that serve the same individual simultaneously or sequentially. State and local respondents pointed out that many of these implementation challenges are made more difficult as the result of what they perceive to be the inadequate integration of workforce development systems at the federal level, which has left state and local partners responsible for meeting a number of different—or even conflicting—regulations, reporting requirements, and performance expectations.

States and local areas must overcome these challenges while accustoming themselves to new roles in the overall workforce system. The Workforce Investment Act calls for a transformed relationship between the federal government and the states in the development of goals and objectives, service delivery designs, and accountability procedures for workforce development programs. Many of the details of program design and operation that were spelled out in detail at the federal level in previous programs are left to the discretion of the states under WIA. One objective of this increased flexibility and discretion for states is to ensure that the programs developed by each state will be responsive to variations in local economic conditions, political priorities, and customer needs.

Similarly, it appears that a majority of State Boards (if the six early implementation states accurately represent the national experience) have decided to defer a number of key program design and implementation features to Local Boards. This may be due in part to the inability of the early implementation states to provide detailed policy guidance to local areas within the available implementation timeframe, but also because of their philosophical commitment to support local flexibility and discretion to the maximum extent.

In any case, the states and local areas we visited were not yet entirely comfortable with their new roles and relationships. Thus, state and local respondents frequently said they would have liked more guidance from the level above them on how to interpret the legislation and how to shape their One-Stop system. However, this was largely because they were afraid that the offered discretion was not real. For example, state respondents feared that after they went about developing their state-driven system, the federal government would criticize their design and come up with reasons why it was not allowable. Similarly, local respondents often felt that their states had not provided enough leadership on what local One-Stop systems should look like. Over time, both states and local areas are coming to realize that much of the flexibility and discretion offered by the Workforce Investment Act is real and are beginning to appreciate their ability to shape their system to meet state and local needs.

Another challenge that our case-study sites will need to surmount is improving employer services and the level of employer involvement in the One-Stop system. In the customer-driven system envisioned under the Workforce Investment Act, employer services provided by One-Stop system partners should meet the needs of employers around a broad range of business development and workforce development issues,

including finding qualified workers for new job openings; improving the skills of job seekers and incumbent workers; and coordinating local workforce development, business development, and economic development strategies. Most of the early implementation states and local areas realized that they still had a long way to go before their employer services achieved the high visibility and reputation for quality services with the business community that they wanted.

Finally, the early implementation states and local areas will need to be concerned with the continued development of information sharing agreements and data systems to support the delivery of seamless services to One-Stop customers as well as the reporting and performance requirements of individual programs and the One-Stop system as a whole. A number of the case study states have taken on the important responsibility of developing and maintaining the electronic databases and automated information systems that will support self-access customer services as well as system accountability and reporting. Although substantial progress has already been made in developing these state systems, the systems were not yet fully operational in a number of the case-study sites. Several local areas we visited were dubious about the ability of their states to provide them with the "just-in-time" information that they would need to manage local workforce development systems on a daily basis.

Based on the experiences of the early implementation states and local areas documented in this report, and the results from the WSIE tracking system on implementation progress across all states, we expect that states and local areas will face significant challenges as well as make impressive progress in operating under WIA during PY 2000. The examples offered by the early implementation sites should help inform the states and local areas currently building their WIA systems. First, information about the early implementation sites can help other sites understand that implementing WIA is likely to be a time-consuming and labor intensive process. Second, states and local areas should be able use information about the possible variations in governance and service delivery models as they decide how to design their own workforce development systems under WIA. Third, examples of how other sites are designing, implementing, and overseeing customer-driven job-seeker services, employer services, and year-round comprehensive youth services should be especially useful to sites as they refine these important system elements.

The process of developing broad governance structures, coordinated/consolidated workforce development agencies, and systems offering seamless customer services may

take significantly longer than expected to mature, particularly in states and local areas without a long history of gradual progress in system integration to build on. It is possible to implement WIA on a "fast track"—as demonstrated by one of the early implementation states that had been relatively late beginning One-Stop planning and implementation—but only as a result of strong support by the governor and full mobilization of the leadership and staff of the participating agencies and interagency planning teams during the transition period. It will be important that states and local areas approach WIA implementation with realistic expectations about the significant length of time that will be needed to complete a system transformation and the high level of investments that may be needed—in developing a shared infrastructure, an integrated menus of services, and coordinated staffing—in order for the transformation to be completely successful.

Local areas and states that are looking for guidance about "the correct way" to implement WIA can learn from the experiences of the early implementation states and local areas that there is no single right way to go about WIA implementation. States observing the experiences of the early implementation states can observe a broad range of state leadership styles—ranging from some governors, state legislatures, and/or State Boards that have been highly involved in WIA planning and system development and others that have deferred most decisions to Local Boards. Local areas observing the experiences of the case-study sites can realize that WIA offers considerable flexibility to local areas in organizing the governance of WIA systems and the delivery of WIA services.

Perhaps the most effective way to support the development of local systems tailored to the needs of local areas is for DOL, states, and local areas to participate in sharing examples of different models for the governance, management, delivery, and oversight of the services available through One-Stop career systems. These models will illustrate how different sites have selected a wide variety of entities as One-Stop operators, arranged for One-Stop operators and agency partners to play a wide variety of roles in delivering core and intensive services, and begun identifying how different programs can contribute to the costs of developing and operating One-Stop career centers. Thus, creating peer networks and sharing information about emerging models should help sites to meet their challenges.